2: Pálóczy-Horváth
●722

EC1 Hungary EC1

[For a picture of the early years of the Second World War as it appeared to the peasant of Hungary, see category 116, pp. 132-155]

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

CONDITIONS OF LABOUR. Wages in Hungary are low compared to English standards, but higher than in Rumania or the Balkans. They are especially low for unskilled and female labour, whereas the skilled craftsmen, of whom there is a shortage, can command a fair price for their work. Collective bargaining exists, and wages are fixed for trades, varying between Budapest and the provinces. The cheapness of food and the fact that few workers have to live far from their place of work partly offsets the small money wage. In recent years a good deal has been done to improve general working conditions. The biggest gap is the absence of any system of unemployment assurance, or even of any organized relief. In other respects, however, social legislation in Hungary, for the industrial worker, compares not unfavourably with that of most countries at a similar stage of economic development. Since the last war a very modern system of sickness assurance was introduced. Shortly before the present war, old age, invalidity and dependents' assurance, Sunday rest and holidays with pay were introduced, and, after hours of work had come down rapidly by trades, the 8-hour day and 48-hour week were introduced in principle. When war broke out, the Government took powers to suspend all protective legislation, but did not use its powers widely, beyond introducing compulsory direction of labour in agriculture and in factories working on war production. A great deal of overtime was worked in some factories, but the legalized overtime rates were paid. Sunday rest and holidays with pay remained in force. The whole wage and price level was taken

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

under government control, and the wages of industrial workers were raised rather more than those of others, such as government employees. The workers complained, however, that the rates were unreal as, owing to war shortage, many commodities of which the prices were nominally controlled, were actually unobtainable except on the 'black market', which was out of the working man's reach.

The Hungarian worker has certainly had a hard time during the war, especially since the German hold tightened; the more so as his sympathies were for the most part against his own government and against Germany. The English visitor, if he were able to communicate with the Hungarian workman (many of them speak some German, but few speak English) would find him a decent, self-reliant and friendly man, anxious to talk and exchange experiences and with a good deal in common with his opposite number from an English factory.

8. Eppstein S-4 (no date) 1945 EC1 Hungary EC1

made a series of attacks on the traffic points and military installations on the outskirts of the city.

Luxuries[1] had, of course, soon become unobtainable for most of the people, but the supply of the necessities of life was fairly well maintained up to the summer of 1944. Clothes, other textiles and boots and shoes were in short supply but not absolutely lacking, and most of the essential foods were available in sufficient, although not luxurious, quantities.

But this position was only made possible by drawing dangerously on reserves and mortgaging the future. The fields were exhausted by over-cropping and under-manuring. The animal population had dwindled dangerously. The scanty stock of agricultural machinery, and even of ordinary implements and tools, had begun to run low and could not be replenished. Moreover, labour shortage on the land had become acute, in consequence of mobilization.

In the factories, much machinery was turned over to war production. This would need to be reconverted for peace production. There was little replacement of worn-out machinery for a full five years. The transport system was also getting worn out. There was a general and growing housing shortage.

But all this would still have left Hungary in a position which most Continental countries could have envied if the war had not reached her in the autumn of 1944. When it did come, it came very severely. The Soviet armies were able to sweep through Rumania. In most parts of Yugoslavia the fighting was on the guerilla scale, except along

[1] [during World War II--Analyst]

THE OIL INDUSTRY IN THE HUNGARIAN ECONOMY

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473 duction was thus available for the armed forces or for export to Germany.

A new operating company, the Hungarian-American Oil Company (MAORT), a subsidiary of Eurogasco, obtained a forty-year concession soon after the Lispe discovery under the same arrangements as had been made with Eurogasco whereby the royalties to be paid to the government were fixed at 15 percent of the crude oil and 12 percent of the marketed natural gas production. MAORT achieved such successful results that in less than six years it became Hungary's third largest industrial enterprise and, considering the indirect effects, probably the largest single corporate contributor to the national income.

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439 During the late thirties the economic aspects of agri-
652 culture improved due to ever increasing agricultural exports to Germany under the Hungarian-German trade agreements, even though protection of industry remained the official policy of the government.

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131 In 1938 Hungary began to rearm. With Axis support parts of the territories lost in 1920 were recovered from Czechoslovakia in 1938 and 1939, from Romania in 1940, and from Yugoslavia in 1941. As a result, the country's area increased from 93,073 square kilometers in 1938 to 170,869 square kilometers in 1941 with a corresponding increase in population from less than 9 million to 14.6 million. In 1941 Hungary entered World War II on the German side.

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464 Rearmament, the recovery of about half of the pre-
241 Trianon territory, and finally war gave a tremendous impetus to the economy. Industrial employment rose from 289,000 in 1938 to 392,000 in 1943 (excluding the recovered areas), and, for the first time, the value of the industrial output surpassed the value of agricultural production.

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434 Government controls gradually increased. The
185 allocation of raw materials and the rationing of food and gasoline were introduced, and for the first time in Hungarian history the government embarked on large-scale economic planning.

12: Free Europe Committee U-4 (no date) 1954 EC1 Hungary EC1

THE OIL INDUSTRY IN THE HUNGARIAN ECONOMY

The "Billion Pengő Plan," officially known as the Five-Year Plan of 1938, was primarily a result of military considerations. Originally calling for an investment of one billion pengős, it was repeatedly revised upward until it reached 4.5 billion by 1943. Roughly three-fifths of the total funds were devoted to rearmament and to the heavy industries, while transportation and agriculture received one-fifth each. The plan was financed by a progressive capital levy and by government borrowing. It was carried out through the existing ministries by simply expanding their activities. A Ten-Year Plan for Agriculture calling for the investment of 100 million pengős annually was launched in 1942, but wartime dislocations prevented its realization.

By the spring of 1944 the power, aluminum, chemical, and oil industries had been considerably enlarged. The total Hungarian refining capacity was estimated as 3.5 million barrels annually before the territorial losses of 1920; as 1.5 million barrels in 1920; and was 3.2 million barrels in 1940. In contrast to this relatively modest development, by the spring of 1944, the total capacity had increased to more than 10 million barrels, only 710,000 of which were from refineries located in the temporarily recovered areas. The new plants at Pét and Szőny, which were built by the government within the framework of the Five-Year Plan of 1938, had a combined capacity of 3.6 million barrels; these plants alone considerably exceeded the total 1940 capacity.

During World War II numerous concessions were granted to German and Italian as well as domestic oil companies in the areas east of the Danube and in the recovered areas. These groups carried out extensive geophysical surveying and a few test wells were drilled. However, it was only in the Mura district, close to the Hungarian Zala fields that commercial discoveries were made. Small-scale production began in 1943. Two years later, in 1945, Yugoslavia recovered the district once more.

At the end of World War II the economy was once more at a standstill. In 1945 agricultural production did not reach one half of prewar production, while industrial output was only a fraction of that of 1938. Of 4,341 factories

aside an equal amount of land for distribution among those whose security is desirable not so much for economic but rather for social and national reasons.

Post-war Hungary took the lead in Europe in regulating night work and woman and child labour, anticipating in some instances the recommendations of the International Labour Office at Geneva. The system of minimum wages, paid holidays and the restriction of working hours was established at an early date. This system not only covered the regulation of wages in industry, in which it is in force almost 100 per cent, but in agriculture as well, though in the latter it will be necessary to surmount considerable difficulties. The crowning achievement of Hungarian social progress was the new family protection policy, which is administered by a separate institution. Through its state-wide organization it has helped tens of thousands of large families in the country to own their own homes, and raised the living standard of the agrarian population by giving not only economic help, but moral support and vocational guidance as well.

The second world war — in which Hungary participates — necessitated the curtailment of certain social services, as was the case in many other countries. For instance, the regulations governing the limitation of the working week were suspended. Further, for the duration it was made possible for employers to compensate their workers for paid holidays. On the whole, it has not only been possible to maintain the pre-war social standards but to raise them as well. In the 1943 budget 250 million pengős are earmarked for expenditures of a social nature. This amount equals one fourth of the average peace-time budget. The trend of social policy as practised in Hungary and in most other

15: Kárpáti G-3 (no date) 1943 EC1 Hungary EC1

countries reveals a marked difference in one respect. The 745 Hungarian social policy did not embrace the system of unemployment relief, as this was considered to lower the morale of the working class, and furthermore, Hungary was never in the position financially to spend millions on this type of relief. The Government endeavoured to find employment for the needy rather than hand out money to the unemployed. This policy was justified by results shown in the growth of industrial and agricultural production, and 185 of export trade. The Government is continuing along these 433 lines by promoting the industrialization of the country, 654 by decentralizing industrial concerns, especially new ones, and by trying to improve the quality and the quantity of agricultural production through subsidies amounting to 1000 million pengős during the past year and a half.

Special emergency measures of a temporary nature are passed to meet each contingency. Such are the war-time 722 regulations which promote the interests of the enlisted men 654 and of national defence by effective measures, and increased governmental support. Assistance for agriculture at the expense of the other branches of production at the time of the last economic depression was a similar measure, proving its value in reducing the burdens of insolvent farmers through the enactment of various laws. Taking everything into consideration, the general economic policy has not been formulated adventitiously to meet urgent needs and emergencies, but has consciously and consistently striven to carry out social ideals.

The following chapters will serve to give a brief 000 summary of the results achieved by social-minded Hungary during the past two decades, sometimes under most adverse conditions.

large families or were most in need of employment. The retail tobacco store licenses withdrawn from Jews were given mostly to ex-soldiers and war widows.

We have already dealt with the indemnification of war-bond holders who sustained severe financial losses due to the war in the section on public finance and taxation.

Social policy during the second world war.

War conditions retarded the progress of certain social welfare policies and stimulated others. The promotion of industrial labour policy has not been neglected during the war. The expansion of the sphere of activies of the various labour agencies and boards is going on and the Government is reinstating certain social measures which were suspended or restricted the beginning of the war in the interest of accelerated war-time production.

Overtime and paid holidays.

In the regulation of working conditions and the labour market nowadays anticipatory measures come to the fore, for instance the new wartime measures to check habitual idleness and any sign of reluctance to work. It was inevitable that the limitation of the hours of work should be suspended for the duration, and although it was restored for a short while in 1940, it had to be suspended again that year owing to the requirements of war production. At the same time the Government demanded that overtime should be paid for any extra hours of work. Defence requirements also made it necessary that the paid holidays enjoyed by workers under the law could be commuted for extra paid compensation. Furthermore, steps were taken that the time

722 spent by workers on active military service should count
461 more than the actual days when computing the time which entitles the workers to paid holidays.

War-time wages.

722 To safeguard the living wage of the workers and to
465 keep it in alignment with the rising costs of living the Government ordered that wage supplements should be paid above the regular wage rate stabilized for the duration. The payment of these war-time wage supplements was ordered on three occasions, consequently the wage rate has risen thirty per cent on the average since the beginning of the war.

Enlisted workers.

901 Several new legal and administrative measures were
427 passed to safeguard the interests of enlisted men and their dependents. In 1941 an order in council directed that for non-payment of rents enlisted men cannot be made to vacate houses, apartments or living quarters rented by them and the courts can adjudge that their rents be payable by easy instalments.

Discharge.

901 Industrial and commercial employees cannot be
466 discharged while they are serving in the forces. If the employee has received living quarters from his employer in addition to his wages they cannot be taken away from him or from his dependents. Enlisted men must be re-employed if they report for work within eight days after their discharge from the forces.